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BAC

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Farmers' cash receipts during the first 7 months of this year were above a year earlier; but their production costs probably were up even more.

Prices paid by farmers for production items during the first half of 1948 averaged 10 percent higher than in 1947; 16 percent higher than in the first half of 1947. Prices received by farmers in the same period averaged 5 percent above the first half of 1947 and marketings were down slightly.

Nearly all production items have gone up. Prices of farm machinery, building materials, fertilizer and other supplies and equipment have advanced steadily. Labor costs are up about 5 percent. Feed prices averaged 16 percent above the same months of 1947 but less has been fed.

The amounts of the various production items purchased by farmers is not known. However, total production costs for the average farmer probably have risen more than his gross income; and his net income so far this year probably is below that of the same period of 1947.

July was a record month for many of the important price indexes.

The BLS index of wholesale prices rose to 168.9 in the third week of July, to top the 1920 peak.

Prices paid by urban consumers, according to another BLS index, also were the highest in history.

The BAE index of prices paid by farmers including interest and taxes in July remained at a record of 252 percent of the 1910-14 average, the same as in June and January.

Prices received by farmers averaged a little higher in July than in June. But at 301 the index still was below the January record of 307.

Nearly all of the gain in the average of prices received by farmers was due to advances in meat animals, dairy products and poultry and eggs. Prices for these products averaged 6 percent above June 15; 20 percent above July 15, 1947. Crop prices, particularly grains, have been sliding downward in recent months. In mid-July, all crops averaged 3 percent below a month earlier and 4 percent below July 1947.

These trends--down for crops; up for livestock and products--are likely to continue for a few months. Consumer demand for the latter is exceptionally strong and supplies are smaller than last year. Record production in prospect will press downward on crop prices.

With prices farmers receive up a little more than those they pay from June to July, the parity ratio rose from 118 to 120.

Demand for farm products and other commodities continues to be supported by high economic activity.

Industry continues to produce civilian consumer goods at high rates. Total civilian employment reached a record of 61.3 million persons in June as the labor force increased seasonally. With employment and wage rates a record, personal incomes continue very high.

LIVESTOCK AND MEAT Meat supplies will hit their low point for the year late this summer or early in the fall. With no slackening in consumer demand in prospect, retail meat prices generally are expected to continue up from the record levels of early July.

Bumper feed crops in prospect will not increase meat production for some time. In fact, marketings of some cattle and hogs are likely to be delayed for extra fattening on the new crops. Main effect will be felt in late 1949 when next year's spring crop is marketed. Sharp increases in this crop are likely if corn harvest is as large as estimated.

WHEAT U. S. wheat supplies for 1948-49 are now estimated at 1,437 million bushels--a crop of 1,242 millions and a carryover of 195 millions. Of this, around 750 million bushels is expected to be used in this country, and about 450 millions exported.

Prices of new crop winter wheat in late July were below the loan level. However, the loan program and heavy movement into storage may strengthen prices as season advances. Average for 1948-49 is expected to be above loan level.

DAIRY PRODUCTS Larger consumer incomes offset effects of higher retail prices for milk and cream during the first half of 1948 and U. S. consumption totaled about the same as a year earlier.

Milk output during the first half was about 4 percent below same period of 1947. Prospects for large feed crops mean that prices of dairy products will be more favorable compared to feed prices. Farmers will feed cows at a higher rate and may cull herds less closely. As a result, total milk flow will decline less than a year earlier and toward the end of 1948 may equal or exceed 1947 level.

POULTRY AND EGGS Smaller supplies and higher prices for red meats and high consumer incomes mean a strong demand for poultry and eggs through the rest of 1948. Supplies of both chicken and eggs will be smaller than in the last half of 1947 and prices will be somewhat higher. Turkey supplies will be considerably smaller and prices will set new records.

FEED GRAINS Feed grain prices moved down in June and early July as the large oats and wheat crops were harvested. Further declines are likely this fall as the corn is picked. Corn may fall more than seasonally if crop is as large as estimated.

Total supplies of feed concentrates are expected to be about 16 percent larger than in 1947-48; about equal to the 1942-46 average. Since animal numbers are down, supplies per animal unit probably will be a record.

FATS AND OILS Prices of soybean, corn, cottonseed and peanut oils dropped sharply in mid-July, partly because of favorable prospects for the cotton and soybean crops. Prices of animal fats were about steady.

Since consumer incomes are expected to stay high, 1948-49 fats and oils prices probably will average nearly as high as in the current crop year.

FRUITS AND VEGETABLES Through October, fruit prices are expected to average about the same as a year earlier and to decline seasonally. Total supplies will be down a little from 1947.

Production of truck crops this summer for both fresh market and processing, is down moderately from last year. Prices generally are expected to average about the same as in August-September last year.

The government probably will continue to buy potatoes for price support since crop is about 2 percent larger than in 1947. About 11 million bushels had been purchased through mid-July.

The sweetpotato crop in prospect is down 13 percent from 1947 and is the smallest since 1924. Grower prices are likely to average somewhat above 1947.

COTTON AND WOOL During first 11 months of 1947-48 season, 8,719,452 bales of cotton were consumed by domestic mills. This practically assures a full season consumption of at least 9,300,000 bales. Exports continue far below the same months of last year.

On July 30, prices of spot cotton were the lowest since February.

With demand for fine staple wools continuing strong at home and abroad, prices are expected to stay at present high levels.

TOBACCO Prices were about 15 percent higher than last year when the flue-cured tobacco auctions began in the Georgia-Florida markets in late July. High cigarette production and larger exports under the ECA probably will hold flue-cured prices above the support level.

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